



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Michigan Gaming Control Board

Department of Treasury

Report Number:
271-0900-06

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The Michigan Gaming Control Board (MGCB) was created as an autonomous entity within the Department of Treasury by Act 69, P.A. 1997, the Michigan Gaming Control and Revenue Act. Among its provisions, the Act authorized up to three commercial casinos in Detroit and vested MGCB with the exclusive authority to license, regulate, and enforce the system of casino gambling in the three commercial casinos. MGCB also has oversight authority over compliance with the tribal and State gaming compact provisions for 11 Native American tribes in the State.

Audit Objective:

To assess the effectiveness of MGCB's regulatory and enforcement activities for the three commercial casinos in Detroit.

Audit Conclusion:

MGCB's regulatory and enforcement activities were moderately effective for the three commercial casinos in Detroit. We noted three reportable conditions (Findings 1 through 3).

Reportable Conditions:

MGCB was not effective in completing compliance audits and issuing audit reports to commercial casinos (Finding 1).

MGCB had not developed procedures to monitor the Detroit commercial casinos' compliance with 33% of the required internal control standards presented in Michigan's Minimum Internal Control Standards, nearly half of which MGCB considered high risk (Finding 2).

MGCB should enhance its gaming lab controls by conducting periodic reviews of

the evaluations completed by its gaming lab engineers (Finding 3).

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Audit Objective:

To assess the effectiveness of MGCB's monitoring activities for tribal gaming to ensure compliance with tribal and State gaming compacts, federal law, and related consent judgments.

Audit Conclusion:

We concluded that MGCB's monitoring activities for tribal gaming to ensure compliance with tribal and State gaming compacts, federal law, and related consent judgments were effective. However, we noted two reportable conditions (Findings 4 and 5).

Reportable Conditions:

MGCB did not effectively complete tribal gaming compliance inspections and review tribal criminal background checks. Also, MGCB could improve the effectiveness of its periodic on-site audits (Finding 4).

MGCB did not obtain audited tribal financial reports prepared annually by independent certified public accounting firms for all Native American tribes (Finding 5).

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Agency Response:

Our audit report includes 5 findings and 6 corresponding recommendations. MGCB's preliminary response indicates that it agrees with all 6 recommendations.

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A copy of the full report can be
obtained by calling 517.334.8050
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<http://audgen.michigan.gov>



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